

Message Text

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PAGE 01 PARIS 05255 221817Z

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DEPT PLS PASS LABOR DEPT

E.O. 11652: N/A

TAGS: EIND, EINV, ELAB, FR

SUBJECT: LABOR TROUBLE AT EATON COMPANY'S FOUNDRY
IN CHARLEVILLE

REF: PARIS 3953

1. SUMMARY: AS A CONSEQUENCE OF EATON FOUNDRY'S
LABOR PROBLEMS, BENDIX BRAKE PLANT AT BEAUVAIS HAS
LAID OFF ONE-THIRD OF ITS WORK-FORCE, BRINGING THREAT
OF POTENTIAL PARALYSIS TO FRENCH AUTO INDUSTRY ONE
STEP CLOSER, AND DANGERS OF SITUATION TO PUBLIC'S
ATTENTION FOR FIRST TIME. END SUMMARY.

2. SERIES OF LABOR PROBLEMS AT EATON'S CHARLEVILLE
FOUNDRY (SEE REFTTEL) CULMINATED IN FEBRUARY 21 SEIZURE
OF PLANT BY CGT MILITANTS DEMANDING WAGE SETTLEMENT IN
EXCESS OF BARRE PLAN GUIDELINES. CUMULATIVE DISRUPTIONS
IN PRODUCTION RESULTED IN LAY-OFF, SAME DAY, OF 800
OF 2,400 EMPLOYEES OF BENDIX BEAUVAIS BRAKE PLANT,
WHICH IS DEPENDENT ON DELIVERIES FROM EATON. REPORTS
OF THESE DEVELOPMENTS AND THEIR IMPLICATIONS FOR
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PAGE 02 PARIS 05255 221817Z

FRENCH AUTO PRODUCTION AND EMPLOYMENT WERE REPORTED ON
RADIO AND IN PARIS PRESS FOR FIRST TIME ON FEBRUARY 22.

3. IN SUBSEQUENT CONVERSATION, BENDIX OFFICIAL TELLS
US THAT SITUATION AT EATON DUE, IN PART, TO POOR
MANAGEMENT, AND IN PARTICULAR TO FAILURE TO OPEN UP
LINES OF COMMUNICATION TO WORKERS. SAID BENDIX HAD

TO HELP EATON SOLVE PROBLEM; AND THAT BENDIX HAS HARD INFORMATION INDICATING SPLIT BETWEEN CGT AT THE PLANT, CGT HIGHER-UPS, AND PCF OVERDEVELOPMENTS. WE NOTE THAT EXISTENCE OF CONFUSION ON HOW TO HANDLE THIS POTENTIAL POLITICAL BOMB ON EVE OF LOCAL ELECTIONS PERHAPS CONFIRMED BY L'HUMANITE'S COVERAGE BEING LIMITED TO BRIEF REPORT ON LAY-OFF AT BEAUVAIS - NOTHING MORE.

4. PROGNOSIS FOR SETTLEMENT AT EATON PLANT DIFFICULT TO MAKE. ACCORDING TO BENDIX, ALGERIAN WORKERS AT PLANT HAVE STAGED A COUNTERDEMONSTRATION TO UNDERSCORE THEIR DESIRE TO RETURN TO THEIR JOBS. BENDIX, HOWEVER, SEES REAL PROBLEM AS BEING THAT LOCAL CGT MILITANTS ARE ACCUSTOMED TO MANAGEMENT GIVING WAY UNDER PRESSURE, AND "HAVE NOT YET LEARNED" THAT THIS TIME MANAGEMENT IS GOING TO HOLD THE LINE. WE NOTE MANAGEMENT DETERMINATION TO STAND FIRM IS RECURRENT THEME AMONGST EATON-BENDIX OFFICIALS, AND IS REPORTED SYMPATHETICALLY IN FIGARO'S EXTENSIVE COVERAGE OF SITUATION.

5. MINISTRY OF LABOR FOLLOWING DEVELOPMENTS CLOSELY AT THE HIGHEST LEVEL BUT MEDIATION CONCILIATION EFFORTS STILL IN HANDS OF PREFECT AND LOCAL LABOR INSPECTOR. SENIOR OFFICIAL ON MINISTER'S STAFF ADVISES US RESULTS OF LOCAL OFFICIALS EFFORTS WILL BE CLEAR IN TWO OR THREE DAYS, AND THAT THERE ARE SUFFICIENT PARTS IN THE PIPELINE TO ENSURE CONTINUED AUTO PRODUCTION OVER LIMITED OFFICIAL USE

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PAGE 03 PARIS 05255 221817Z

THE NEXT 10 TO 14 DAYS. IF IT COMES TO THE CRUNCH, WE DOUBT THAT PCF WILL ALLOW CGT TO ESCALATE SITUATION BY PRECIPITATING MASS LAYOFFS IN AUTO INDUSTRY ON EVE OF MUNICIPAL ELECTIONS, THOUGH IT MAY HAVE TO PROJECT PUBLIC IMAGE OF SOLIDARITY WITH EATON WORKER DEMANDS.

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